

RECORDATION NO. 13228
AUG 26 1981 - 12 30 PM
INTERSTATE COMMERCE COMMISSION

TC-81 PARTNERSHIP

P. O. Box 218, Chicago Heights, Illinois 60411 312/757-5900

August 18, 1981

Interstate Commerce Commission
Recordation Clerk
Room 1211
12th & Constitution Ave., N.W.
Washington, D.C. 20423

1-2384097

No. AUG 26 1981
Date.....
Fee \$...50.00
ICC Washington, D. C.

Gentlemen:

Enclosed for recordation under the provision of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, are Five (5) copies of the following:

Lease Agreement No. 050681 dated May 6, 1981
between TC-81 PARTNERSHIP and
NEVADA NORTHERN RAILWAY COMPANY
No. of Cars: Forty (40)
Description of Cars: 52'6" 100-Ton Gondola Cars
Car Numbers: NN 501 thru NN 540, both inclusive

The names and addresses of the parties hereto are as follows:

Lessor:

TC-81 Partnership
P. O. Box 218
Chicago Heights, IL 60411

Lessee:

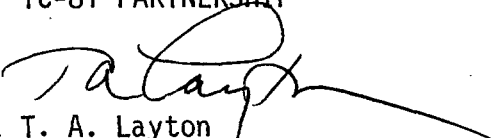
Nevada Northern Railway Company
East Ely, Nevada 89315

The undersigned has knowledge of the matters set forth within the enclosed documents. Kindly record and thereafter return to T. A. Layton, TC-81 Partnership, P. O. Box 218, Chicago Heights, Illinois 60411, the remaining Four (4) copies of the enclosed document, marked "Recorded."

Attached hereto is a remittance in the sum of \$50.00 covering the required Recording Fee.

Cordially,

TC-81 PARTNERSHIP


T. A. Layton
Assistant Treasurer

TAL:bam

Enclosures

RECEIVED
AUG 26 1981
12 22 PM
I.C.C.
RECORDATION BR.

RECORDATION NO. 13229
FILED 1425

AUG 26 1981 - 12 30 PM
INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT

This AGREEMENT No. 050681, made and entered into May 6, 1981, by and between TC-81 PARTNERSHIP, Box 218, Chicago Heights, Illinois, (herein called "LESSOR") and Nevada Northern Railway Company a Maine Corporation, (herein called "LESSEE").

WITNESSETH:

Description of Leased Cars:

(1) LESSOR agrees to furnish to the LESSEE, and the LESSEE agrees to rent from LESSOR the cars specified within Attachment A which is affixed hereto and made a part hereof, and such additional Riders as may be added hereto from time to time by agreement of the parties and signed by their duly authorized representatives. Each attachment shall set forth a brief description of the car, or cars, covered thereby including such facts as: number of cars, car numbers, the A.A.R. or I.C.C. specification, cubic capacity, truck capacity, delivery point, rental, commodity service, term throughout which the cars shall remain in LESSEE's service, and other pertinent information that may be desired by both parties.

Use of Cars:

(2) LESSEE agrees to use said cars within the continental limits of the United States and Canada (any use in Canada shall be incidental and temporary) for the transportation of the commodities ("Commodity Service") stated in Attachment A applicable to said cars; and that said cars will at all times be used and operated in compliance with all lawful acts, rules, regulations and orders; and further agrees upon the expiration or termination of the Rental Term ("Rental Term") applicable to such cars set forth in letter agreement dated April 29, 1981 to cause said cars to be returned to LESSOR at its plant in Chicago Heights, Illinois or at another location as directed by LESSOR but not to exceed the cost of delivering the cars to Chicago Heights, Illinois, in the same, or as good, condition in which they were furnished, except for ordinary wear and tear. LESSEE will not in any way alter the physical structure of the cars without the approval in writing of LESSOR.

Rent:

(3) LESSEE agrees to pay LESSOR the Base Rental ("Base Rental") as agreed upon, effective from the date each car is delivered as specified in letter agreement dated April 29, 1981 and until cars are delivered to LESSOR upon expiration of the Rental Term specified in letter agreement dated April 29, 1981. Such rentals shall be paid to TC-81 PARTNERSHIP, Box 218, Chicago Heights, Illinois, or such other place as the LESSOR or its Assignees may hereafter direct. First payment will be made 75 days from date cars go into service, then every 30 days thereafter.

Term of Lease:

(4) This AGREEMENT shall be effective as of the date first set forth hereinabove and shall expire upon expiration of the Rental Term of the last car, or cars, covered hereunder as specified in letter agreement dated April 29, 1981.

Repair and
Maintenance:

(5) (a) LESSEE shall notify LESSOR within three (3) full business days following knowledge of any damage or need for repairs to any of the cars. LESSOR agrees to pay for the maintenance and repair of said cars; but it will not pay for repairs made to said cars in excess of the basis of Association of American Railroads Interchange rules (unless LESSOR gives LESSEE prior written approval for any such excess repairs). No repairs to any of the cars shall be made by the LESSEE for LESSOR's account except as prescribed by the ARR interchange rules without LESSOR's prior written consent. If any of the cars become unfit for service and shall be held in railroad shops or car shops for repairs, and shall remain therein for a period in excess of five (5) days, rental hereunder covering any such cars payable by LESSEE to LESSOR shall cease upon notice from and after the date of delivery of such car to such railroad shop or car shop for repairs until such car is released from the shop or notice given to LESSEE or until another car shall have been placed in the service of LESSEE by LESSOR in substitution for such car undergoing repairs. LESSEE shall pay all costs, charges and expenses including freight and switching charges for movement at any time and from time to time to and from repair shops, storage or terminal facilities. In the event any of the subject cars shall be destroyed by the railroads, the rental on any such car shall cease on the date of such destruction.

(b) LESSOR shall keep the cars in good order and repair, ordinary wear and tear excepted, comply with any additional requirements for safety appliances and construction as may hereafter be specified by American Association of Railroads and Interstate Commerce Commission and satisfactory for interchange in accordance with Association of American Railroads' rules, and all at its own cost and expense. LESSOR is not responsible to make any repairs until and unless notified by the LESSEE that such repair work is needed. If any physical change to the cars shall be required by any association or governmental rule, regulation or law, the LESSEE shall pay an additional monthly charge equal to \$1.50 per Car per month for each \$100.00 per Car cost incurred by the LESSOR so as to perform such changes, modifications or adjustments and such charge shall become effective upon the date of acceptance by a railroad of instructions to forward such Car to the LESSEE after such change modification or adjustment has been accomplished.

(c) LESSOR may require LESSEE to return cars for preventive maintenance or repairs and may withdraw from this Lease any cars which LESSOR deems uneconomical to maintain or repair.

(d) LESSOR may, at any time and from time to time, replace any cars withdrawn from service under the terms of this Lease or which are lost, stolen or destroyed, with cars of like or similar specifications and such replacement cars shall be deemed to be subject to all terms and conditions of this Lease as if the same had been originally delivered to LESSEE at the time and at the place of the cars for which they are substituted. The parties agree to execute amendments to this Lease and such other and further documents as may be required by either party hereto so as to evidence the withdrawal, release or substitution of any cars in accordance with the terms of this Lease Agreement.

(e) In the event of the loss, destruction or irreparable damage to any of the cars from any cause whatsoever, except while in possession of LESSOR, during the continuance of this lease, the LESSEE shall promptly and fully inform the LESSOR in regard to such loss, destruction or damage. If any of said cars are damaged or destroyed on any privately owned track, LESSEE shall pay unto LESSOR the cost of repairing such damage, or replacing such loss or destroyed cars. In no case shall that amount exceed the depreciated valuation of such cars as provided for in the Interchange Rules of the Association of American Railroads.

Inspection:

(6) LESSEE shall maintain a reasonable inspection schedule for each car. LESSEE shall indemnify and hold LESSOR harmless from any and all liability, loss, damage or claim, therefore resulting from knowledge which the LESSEE shall have or should have had as a result of such reasonable inspection by the LESSEE.

Taxes:

(7) During the term of this Lease Agreement, the LESSEE shall, in addition to the rentals herein specified, pay all rental and excise taxes, assessments and other governmental charges, whatsoever, except as to any and all Nevada use taxes, whether payable by the LESSOR or the LESSEE, on or relating to the Lease Agreement or to the cars leased hereunder; the LESSEE shall be under no obligation to pay any such tax so long as it is being contested in good faith and by appropriate administrative or legal proceedings and any expense incurred by LESSOR in which LESSEE concurs in writing with respect to contesting the applicability of such tax to this Lease Agreement shall be for the account of LESSEE. In the event the State of Nevada imposes any use tax of any nature whatsoever on the cars leased hereunder that tax shall be paid by LESSOR. However, LESSOR shall be under no obligation to pay any such tax so long as it is being contested in good faith and by appropriate administrative or legal proceedings and any expense incurred by LESSEE with respect to contesting the applicability of such tax shall be paid by LESSOR.

Marking of Cars:

(8) (a) The LESSOR shall plainly, permanently stencil the ownership legend on each new car in letters not less than one (1) inch in height, reading:

TITLE TO THIS CAR SUBJECT TO DOCUMENTS FILED WITH
THE INTERSTATE COMMERCE COMMISSION

and immediately replace any such stencilling which becomes illegible, wholly or in part. Should changes or additions be required in the foregoing legend, LESSEE shall make such changes or additions, and the expense thereof shall be borne by the LESSOR. The LESSEE shall keep the cars from from any marking which might be interpreted as a claim of ownership thereof by anyone other than the LESSOR; and will not change, or permit to be changed, the identifying road numbers.

(b) LESSEE represents and warrants that subject cars are now and shall remain throughout the term of this lease marked and identified in accordance with the car numbers and other identification marks provided for within Attachment A.

Indemnification: (9) Except while cars are in the possession of LESSOR, LESSEE will indemnify and hold LESSOR and all those who hold any security interest in a car harmless against all loss, expense, liability or damage during the term of this Lease Agreement by or to any of the cars hereby leased, or to or by the contents thereof, howsoever occurring.

Insurance: (10) LESSEE shall, at its own cost and expense, with respect to each Car at all times maintain and furnish LESSOR with evidence of liability insurance in the amount of one million dollars (\$1,000,000) protecting LESSOR, naming LESSOR as an insured party. LESSEE'S obligation to maintain insurance with respect to each Car shall commence on the earlier of (i) the delivery date of such Car or (ii) the date on which the manufacturer or vendor thereof shall cease to bear the risk of loss with respect thereto (whether or not such Car shall at such time have become subject to lease pursuant hereto), and shall continue until the Rental Term thereof terminates and, if such Car is required to be returned to LESSOR, until such return. LESSEE shall cooperate and, to the extent possible, cause others to cooperate with LESSOR and all companies providing any insurance to LESSEE or LESSOR or both with respect to the Cars.

Subleasing and Assignment: (11) (a) LESSEE will not sublease, assign or loan said cars or any of its rights, without the written consent of the LESSOR.

(b) LESSOR may assign, pledge, mortgage, transfer or otherwise dispose of all its rights, titles and interests herein, either in whole or in part ("ASSIGNMENT"). No notice of such assignment need be given to the LESSEE. In the event LESSEE makes any rental payment to LESSOR prior to receipt of written notice of Assignment, LESSEE shall not be required to account for or to pay again any such payments to any Assignee. The rights of any assignee specified in any such ASSIGNMENT or the rights or parties on behalf of whom such assignee is acting, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever, whether arising out of any breach of any obligation of the LESSOR hereunder or by reason of any other indebtedness or liability of any time owing by the LESSOR to the LESSEE. The making of any ASSIGNMENT by LESSOR shall not serve to relieve the LESSOR or LESSEE of any liability or undertaking hereunder nor pose any liability or undertaking hereunder upon any such assignee.

Liens: (12) The LESSEE shall keep the cars free from any encumbrances or liens which may be a cloud upon, or otherwise affect, the LESSOR'S title or the interest of the assignee of the LESSOR.

Remedies: (13) Upon the happening of any of the events of default as hereinafter defined, the LESSOR or its Assignee may then, or at any time thereafter, take possession of the cars and any accessions thereto, wherever same may be found, and, at the election of the LESSOR or the Assignee as the case may be, either:

(a) Declare this Lease Agreement terminated, in which event all rights of the parties hereunder shall cease except only the

obligation of the LESSEE to pay accrued rentals to the date of retaking, or:

(b) Relet the cars as agent of the LESSEE, apply the proceeds of such reletting first to the expenses that may be incurred in the retaking and delivery of the cars to the new LESSEE, then to the payment of the rent due under the lease, and the LESSEE shall remain liable for any rents remaining due after so applying the proceed so realized, and the LESSEE covenants and agrees to pay said deficit monthly after same may accrue."

Default:

(14) The happening of any of the following events shall be considered an "event of default" hereunder:

(a) Nonpayment of any installment of rent hereunder within thirty (30) days after the same becomes due:

(b) Failure of the LESSEE to comply with, or perform, any of the other terms and conditions of this Lease Agreement within thirty (30) days after receipt of written notice from the LESSOR, or its Assignee, demanding compliance therewith and performance thereof;

(c) The appointment of a receiver or trustee in bankruptcy for the LESSEE or for any of its property and the failure by such receiver or trustee to adopt and assume and agree to perform the obligations of the LESSEE hereunder within thirty (30) days after such appointment.

Patent Indemnification:

(15) LESSOR shall (except for articles or materials specified by LESSEE and also except for designs and systems used in the construction of subject cars as a result of LESSEE'S specifications) indemnify, protect and save harmless the LESSEE from all claims, demands, damages, including royalties, judgments (including court costs), attorneys fees, and expense in any way arising out of, or on account of, the use of any or all patented inventions, employed in and about the construction, repair, alterations, or improvements of the cars, or any part thereof, which are incorporated in any car at the inception of this Lease Agreement or Riders added thereof.

Filing:

(16) The LESSOR intends to cause this Lease to be filed and recorded with the Interstate Commerce Commission in accordance with the Interstate Commerce Commission Act. The LESSEE shall from time to time do and perform any other act, and execute, acknowledge, deliver, file, register and record any and all further instruments required by law, or requested by LESSOR, for the purpose of protecting its title and rights, or for the purpose of carrying out the intention of this Lease Agreement, and the LESSEE will promptly furnish to LESSOR certificates or other evidences of all such filing, registering and recording in form satisfactory to LESSOR. The LESSOR shall promptly reimburse LESSEE for any out-of-pocket expenses it may so incur.

Miscellaneous:

(17) It is mutually agreed that the time of payment of rentals is of the essence of this Lease Agreement and that this Lease Agreement and any Rider now and hereafter entered into is subject and subordi-

nate to any Chattel Mortgage or Conditional Sale Agreement on the cars heretofore created and to the rights of any Trustee under any Equipment Trust heretofore established by the LESSOR.

(18) LESSOR may, at its own cost and expense, take a physical inventory of each of the cars.

(19) The terms of this Lease Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Illinois, in which state it has been executed and delivered.

(20) LESSEE shall, at LESSEE'S cost, deliver to LESSOR such other acknowledgements, opinions of corporate counsel, confirmations of lease and related documents as the LESSOR may reasonably request.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers and duly attested, as to the date first above written.

TC-81 PARTNERSHIP (LESSOR)

ATTEST:

By:

James D. Dault
General Partner

David Taylor

(Corporate Seal)

NEVADA NORTHERN RAILWAY COMPANY (LESSEE)

ATTEST:

By:

John A. Kahilly
Treasurer

Donald E. Schen
Asst. Secretary

STATE OF ILLINOIS)
COUNTY OF COOK) SS:

I, Deanna L Knez, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that James A. Thrall, personally known to me to be a General Partner of TC-81 PARTNERSHIP, and T. A. Layton personally known to me to be the Witness of said Partnership, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such General Partner and Witness, they signed and delivered the said instrument as General Partner and Witness of said Partnership and caused the seal of said Partnership to be affixed thereto, pursuant to authority given by the Partners of said Partnership, as their free and voluntary act, and as the free and voluntary act and deed of said Partnership, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 18th day of August, 1981.

Deanna L Knez
Notary Public

My Commission Expires 1-11-85

STATE OF Utah)
COUNTY OF Salt Lake) SS:

On this 4th day of August, 1981, before me personally appeared John A. Bahilly, to me personally known who being by me duly sworn, says that he is Treasurer of Nevada Northern Railway Company, a Maine corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation pursuant to authority given under the articles and by-laws of the corporation, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Margaret W. Hansen
Notary Public

MARGARET W. HANSEN, NOTARY PUBLIC
RESIDING IN SALT LAKE CITY, UTAH
COMMISSION EXPIRES 8-24-83.

My Commission Expires _____

NEVADA NORTHERN RAILWAY COMPANY

— LESSEE

ATTACHMENT A

LEASE AGREEMENT NO. 050681 SAID LEASE AGREEMENT BEING DATED May 6, 1981

AR NUMBERS: NN 501 thru NN 540, both inclusive

AR OWNER'S MARKS: Title to this car subject to documents filed with
the Interstate Commerce Commission.

COMMODITY SERVICE: Primary, Fabricated Metal Products, or Scrap Metal

CLASS OF CAR: 52'-6" Gondola

NO. OF CARS: 40

LOAD CAPACITY: 100-Ton

CUBIC CAPACITY: 2490 Cu. Ft.

DELIVERY POINT: East Chicago, Indiana

DELIVERY PERIOD: Third Quarter, 1981

CERTIFICATE OF INSPECTION AND ACCEPTANCE

TO: THRALL CAR MANUFACTURING COMPANY
P. O. Box 218
Chicago Heights, Illinois 60411

Gentlemen:

The undersigned duly appointed inspector and representative of
NEVADA NORTHERN RAILWAY COMPANY (LESSEE)
hereby certifies that he has made a thorough examination of the following Railroad Cars
bearing numbers as follows:

<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>CAR NUMBERS</u>
Forty (40)	52'6" 100-Ton Gondola Cars	NN 501 through NN 540, Both Inclusive

and hereby accepts them for Lessee under and pursuant to that certain Attachment A
for Lease dated May 6, 1981 between TC-81
PARTNERSHIP and LESSEE: that each of said Cars is plainly marked and
stenciled on both sides of each Car with the words:

Title to this car subject to documents filed with
the Interstate Commerce Commission.

in readily visible letters, not less than 1" in height; and that each of said Cars fully
complies with the requirements, standards and specifications referred to in said Lease.

Inspector for
Nevada Northern Railway Company
LESSEE

Dated this _____ day of _____, 19____.

EXHIBIT "I"